

# SENATE BILL REPORT

## SB 6658

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As Reported By Senate Committee On:  
Water, Energy & Telecommunications, January 30, 2008

**Title:** An act relating to procurement of renewable resources by public agencies.

**Brief Description:** Regarding the procurement of renewable resources.

**Sponsors:** Senators Murray, Rockefeller, Honeyford, Morton and Kline.

**Brief History:**

**Committee Activity:** Water, Energy & Telecommunications: 1/30/08 [DP].

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### SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

**Majority Report:** Do pass.

Signed by Senators Rockefeller, Chair; Murray, Vice Chair; Honeyford, Ranking Minority Member; Fraser, Hatfield, Holmquist, Oemig and Regala.

**Staff:** Sam Thompson (786-7413)

**Background:** Four Washington public utilities, including two public utility districts (PUDs), a rural electric cooperative and a mutual power company, recently joined in a cooperative venture with private entities to finance a wind energy project and benefit from a Federal production tax credit, which the public utilities could not claim because of their nonprofit status. Advocates seek legislation providing clearer authority for these public-private ventures.

**Summary of Bill:** Public entities may enter into agreements with limited liability companies, in addition to other types of private entities. Cities, PUDs, and joint operating agencies are authorized to enter into agreements with a broad variety of local, state, federal and tribal government entities, private electric utilities, rural electric cooperatives, and generation and transmission cooperatives in cooperative ventures to plan, finance, acquire, construct, operate and maintain electric generating plants powered by renewable energy. Agreements must provide that participating public entities have ownership interests equal to the percentage of money or property they supplied for the undertaking, and that they own and control a like percentage of the electrical output.

A PUD may sell, lease, or dispose of an electric generating project powered by renewable energy without voter approval if the PUD retains the right to purchase energy generated by the project and the option to repurchase all or part of the project at or below fair market value within 22 years from the sale, lease, or disposition.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Auditing standards are revised to allow payment of a claim against a public entity if the auditor finds that an advance payment is due and payable pursuant to a contract, or that an advance payment is available as an option for fulfillment of a contract.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This legislation provides necessary clarification to ensure that public-private ventures like the successful White Creek Wind Project in Klickitat County are clearly authorized. The Federal production tax credit applying to that venture has greatly reduced generating costs, providing savings for consumers. Certainty provided by this legislation will encourage generation of renewable energy and reduce legal fees associated with cooperative venture agreements. This legislation should be amended to mandate a prevailing wage standard for locally-employed labor.

**Persons Testifying:** PRO: Dave Warren, Washington Public Utility Districts Association; Dave Andrew, Cowlitz Public Utility District; Don Cohen, Gordon Thomas, Honeywell, Malanca, Peterson & Daheim; Bill Doyle, Orrick, Herrington & Sutcliffe; Bob Guenther, International Brotherhood of Electrical Workers # 77; Carrie Dolwich, Northwest Energy Coalition.